



# Repco Micro Finance Ltd.

(Formerly Repco MSME Finance & Development Limited)

Regd. Off. : Repco Tower, No. 33, North Usman Road, T.Nagar, Chennai-600 017.

## LETTER OF APPOINTMENT

**Date: 14 June, 2023**

**Dear Shri R Suresh,**

We thank you for your confirmation to Repco Micro Finance Limited (“the Company”) that you meet the independence criteria as envisaged in Section 149 (6) of the Companies Act, 2013.

We are pleased to inform you that the Board of Directors of the Company at their Meeting held on 16 May, 2023 have approved your appointment as Independent Director of the Company for a period of 3 years w.e.f. 16 May, 2023. Your appointment will be subject to the approval of shareholders at the ensuing general meeting of the Company.

This letter of appointment sets out the terms and conditions covering your appointment, which are as follows:

### **1. Appointment**

In terms of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder you have been appointed as a Non-Executive Independent Director on the Board of Directors of the Company with effect from the date of 16 May, 2023. Your appointment including re-appointment after the end of above tenure shall be subject to the extant provisions of the Companies Act, 2013, as amended, from time to time.

The term “Independent Director” should be construed as defined under the Companies Act, 2013.

As an Independent Director you are not liable to retire by rotation.

### **2. Committees**

The Board of Directors (the Board) may invite you for being appointed on one or more of the existing Board Committees or any Committee(s) that may be set up in the future. Your appointment on such Committee(s) will be subject to the applicable legal requirements.

### **3. Time Commitment**

3.1 As a Non-Executive Independent Director you are expected to bring objectivity and independence to the Board’s/Committee(s) discussions and help provide the Board/Committee(s) with effective leadership in relation to the Company’s strategy, performance, as well as ensuring high standards of financial probity and corporate governance. The Board meets at least four times in a year. The meetings of other committees are held as per requirement. You will be expected to attend the Board, the Board Committees and the Annual General Meetings and to devote sufficient time, as required for you to discharge your duties effectively.

  
Shri. A.G. Venkatachalam

  
Shri. R Suresh

3.2 By accepting this appointment, you confirm that you are in a position to allocate sufficient time to meet the expectations of your role to the satisfaction of the Board.

#### 4. Fiduciary Duties

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and inter alia are as under:

I. Subject to the provisions of Companies Act, 2013, you shall act in accordance with the Company's Articles of Association.

II. You shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.

III. You shall discharge your duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

IV. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company or bring discredit to it.

V. You shall not assign your office as Director and any assignments so made shall be void.

VI. You shall abide by the 'Code of Conduct for Independent Directors' as outlined in Schedule IV to the Companies Act, 2013, as amended from time to time to the extent relevant and applicable to your role. The present code is annexed hereto as **Annexure A**.

#### 5. Status of Appointment and Remuneration

5.1 You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board from time to time.

5.2 The sitting fees presently paid to Non-Executive Independent Director are as under:

Type of Meetings	Sitting fees (in Rs.)
Board Meeting	20,000/-
Committee Meeting	10,000/-

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## **6. Reimbursement of Expenses**

In addition to the sitting fees described in paragraph 5, for the period of your appointment, reimburse you, expenses incurred in discharge of your roles / duties including: Accommodation in a hotel of high standing, Out-of-pocket expenses like conveyance, food and incidentals that are incurred while attending Board and Committee meetings or General Meetings of Members.

## **7. Conflict of Interest**

7.1 It is accepted and acknowledged that you may have business interests, memberships other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing from time to time.

7.2 In the event that your circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that you are independent; the same should be disclosed to the Board of Directors.

## **8. Confidentiality**

All information acquired during your tenure of directorship shall be treated as confidential and should not be disclosed to third parties without prior written approval from the Company unless required by law or regulatory body. In the latter case, you would be required to suitably inform the Company, of such an event or disclosure. You should direct any media queries or approaches to the appropriate officer within the Company. On request, you shall surrender any documents and other materials made available to you by the Company.

## **9. Evaluation**

You will be part of Annual Performance Evaluation Process prescribed for the Board.

## **10. Disclosure of Interest**

It is expected that any interest you may have in any transaction or arrangement that the Company has entered into should be disclosed not later than when the transaction or arrangement comes up at a Board Meeting/Audit Committee so that your interest appropriately get recorded in Minutes and our records are updated. A general notice to the Company that you are interested in any contracts with a particular person, firm or company is acceptable.

## **11. Termination**

You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board. Your directorship on the Board of the Company may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

  
Shri. A.G. Venkatachalam

  
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## **12. Acceptance of Appointment**

We are confident that the Board and the Company will benefit immensely from your rich experience and we are glad to have you as an integral part of the growth of the Company. Kindly confirm your acceptance by signing and returning the enclosed copy of this letter.

We look forward your association and contribution to the Company.

Yours Sincerely,

**For Repco Micro Finance Limited**

  
**A.G. Venkatachalam**  
**Whole Time Director**  
**(DIN: 05289154)**

**I hereby acknowledge receipt of and accept the terms and conditions set out in this letter.**



**R Suresh**

**(Name of Independent Director)**

**(DIN: 09099261)**

  
Shri. A.G. Venkatachalam

  
Shri. R Suresh

**Schedule IV of Companies Act, 2013**

[See section 149(8)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent director shall:

- 1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinize the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance.

  
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- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### III. Duties:

The independent director shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

  
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- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV.Manner of appointment:**

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out:
  - a) the term of appointment;
  - b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d) provision for Directors and Officers (D and O) insurance, if any;
  - e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - f) the list of actions that a director should not do while functioning as such in the company; and
  - g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

  
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## **VI. Resignation or removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

## **VII. Separate meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the company shall strive to be present at such meeting; The meeting shall:
  - a) review the performance of non-independent directors and the Board as a whole;
  - b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **VIII. Evaluation mechanism:**

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

Shri. A.G. Venkatachalam



Shri. R Suresh